



Senate

General Assembly

File No. 387

January Session, 2005

Substitute Senate Bill No. 1118

Senate, April 18, 2005

The Committee on Planning and Development reported through SEN. COLEMAN of the 2nd Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING UTILITY COMPANY PROPERTY.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

- 1 Section 1. (NEW) (*Effective July 1, 2005*) The provisions of this section
- 2 shall be applicable to each gas company, electric distribution company
- 3 or water company, as defined in section 16-1 of the general statutes.
- 4 The true and actual value of the personal property of any gas
- 5 company, electric distribution company or water company shall be
- 6 established in relation to such property's original cost and shall reflect
- 7 the depreciation and salvage rates approved by the Department of
- 8 Public Utility Control, provided the total amount of depreciation
- 9 allowed shall not exceed seventy per cent. The original cost of such
- 10 property shall include the costs of materials, labor, installation,
- 11 overhead and interest during construction. If the original cost is not
- 12 available, a reasonable estimate may be used. If such property is
- 13 purchased, original cost means the purchase price of such property
- 14 provided any portion of such price found imprudent or otherwise

15 excessive by the Department of Public Utility Control and not allowed
 16 for recovery in regulated rates or otherwise recoverable shall be
 17 excluded. The depreciated cost of such property as reported on the
 18 declaration required by section 12-41 or 12-43 of the general statutes
 19 shall be the portion of the property owner's total depreciated cost of
 20 such property allocated to the municipality from the total cost
 21 appearing on the most recent annual report filed with the Department
 22 of Public Utility Control, in accordance with section 16-27 of the
 23 general statutes. The provisions of section 12-53 of the general statutes
 24 shall be applicable with respect to the personal property of any gas
 25 company, electric distribution company or water company, except that
 26 the assessor shall not use a methodology other than the one set forth in
 27 this subsection to determine the value of such property.
 28 Notwithstanding the provisions of this section, a municipality may, by
 29 ordinance adopted by its legislative body, select an alternative method
 30 of valuation to establish the assessed value of such personal property
 31 of any gas company, electric distribution company or water company.

This act shall take effect as follows and shall amend the following sections:

Section 1	July 1, 2005	New section
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Statement of Legislative Commissioners:

In the second sentence "lives" was deleted after "depreciation" and in the sixth sentence the reference to "12-42" was changed to "12-41" for accuracy and consistency with statutory provisions.

ET *Joint Favorable Subst. C/R*

PD

PD *Joint Favorable Subst.-LCO*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note**State Impact:**

Agency Affected	Fund-Effect	FY 06 \$	FY 07 \$
Public Utility Control, Dept.	CC&PUCF - None	None	None

Note: CC&PUCF=Consumer Counsel and Public Utility Control Fund

Municipal Impact:

Municipalities	Effect	FY 06 \$	FY 07 \$
Various Municipalities	See Below	See Below	See Below

Explanation

The bill establishes a default method for assessing the personal property owned by an electric, gas, or water company regulated by the Department of Public Utility Control (DPUC). To the extent that the bill results in certain property to be reassessed at a lower value, then a municipality will experience a reduction in their grand list. The bill has no fiscal impact on the DPUC.

OLR Bill Analysis

sSB 1118

AN ACT CONCERNING UTILITY COMPANY PROPERTY**SUMMARY:**

This bill establishes a default method for assessing the personal property owned by an electric, gas, or water company regulated by the Department of Public Utility Control (DPUC). The legislative body of a municipality can establish an alternative assessment method by adopting an ordinance.

EFFECTIVE DATE: July 1, 2005

DEFAULT ASSESSMENT METHOD

Under the default method, the assessor must establish the value of the company's personal property in relation to its original cost. The original cost must reflect DPUC-approved depreciation lives and salvage rates, but the total amount of depreciation cannot exceed 70%. The property's original cost must include the cost of material, labor, installation, overhead, and interest during construction. If the original cost is not available, a reasonable estimate may be used. If the property was purchased, the original cost is its purchase price, less any part of the price excluded by DPUC for ratemaking purposes.

By law, businesses must file declarations of their personal property with assessors. Under the bill, the depreciated cost of the property as reported on a declaration (1) filed by an assessor when the taxpayer has failed to file a declaration and (2) filed by a nonresident of the town must reflect DPUC's allocation among municipalities of the owner's total property cost in DPUC's most recent annual report. The current provisions regarding an assessor's additions to the taxpayer's declaration apply to the property covered by the bill, but the assessor must use the default method to value such property (unless the municipalities have voted for an alternate method).

COMMITTEE ACTION

Energy and Technology Committee

Joint Favorable Substitute Change of Reference
Yea 14 Nay 2

Planning and Development Committee

Joint Favorable Report
Yea 13 Nay 5